

## Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 IO-14 ISO-00 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NEA-14 NSAE-00 RSC-01

OPIC-12 SP-03 TRSE-00 CIEP-02 LAB-06 SIL-01 SWF-02

OMB-01 AGR-20 L-03 SS-20 NSC-07 STR-08 PA-04 PRS-01

USIA-15 OIC-04 TAR-02 DRC-01 /223 W

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R 141716Z JUN 74

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TO SECSTATE WASH DC 3006

INFO AMEMBASSY ANKARA

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AMEMBASSY ROME

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PASS STR

E.O. 11652: N/A

TAGS: ETRD, OECD

SUBJECT: JUNE 11-13 TRADE COMMITTEE WORKING PARTY  
ON GOVERNMENT PURCHASING

1. SUMMARY. AT ITS JUNE 11-13 MEETING, TRADE COMMITTEE  
WORKING PARTY (TCWP) ON GOVERNMENT PURCHASING DEVOTED  
ALMOST ENTIRE MEETING TO DISCUSSION GOVERNMENT PRO-  
CUREMENT DATA COUNTRIES SHOULD DEVELOP IN RESPONSE TO  
TRADE COMMITTEE MANDATE AGREED TO AT ITS FEBRUARY  
MEETING. DISAPPOINTING OUTCOME OF MEETING DUE IN  
PART RELUCTANCE OF SOME DELS TO ACCEPT UNDERTAKING  
WHICH REQUIRES COMMITMENT OF RESOURCES FOR DATA  
DEVELOPMENT AND ALSO UNWILLINGNESS TO DIVULGE DETAILS  
THEIR OWN PROCUREMENTS. END SUMMARY.

2. FOLLOWING CONCLUSION AGREED TO BY LARGE MAJORITY  
OF WORKING PARTY AT END OF MEETING:

A) IN THE SHORT TERM, MEMBER COUNTRIES WOULD PROVIDE  
DATA READILY AVAILABLE ON TOTAL PURCHASES (BY VALUE)  
BY AGENCIES OF THE CENTRAL GOVERNMENT AND BY PURCHASING  
ENTITIES UNDER THE CONTROL OF THE NATIONAL GOVERNMENT  
TOGETHER WITH A BREAKDOWN OF THE FOREGOING FIGURE FOR  
EACH AGENCY AND FOR EACH SEPARATE ENTITY UNDER NATIONAL  
GOVERNMENT CONTROL. ARGUMENT OVER DEFINITION OF  
ENTITIES UNDER GOVERNMENT CONTROL, ENDED BY PROPOSAL  
THAT COUNTRIES LIST ONLY THOSE ENTITIES WHICH THEY  
CONSIDERED WOULD BE SUBJECT TO PROPOSED CODE.

B) FOR THE SHORT TERM, MEMBER COUNTRIES ARE TO COLLECT  
AND REPORT DATA ON SPECIFIC SECTORS (THOUGHT BY A LARGE  
NUMBER OF DELEGATIONS TO BE TRADE IMPORTANCE) INCLUDING  
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ELECTRONIC EQUIPMENT, TELECOMMUNICATIONS EQUIPMENT,  
TRANSPORT EQUIPMENT, WITH UNDERSTANDING DATA REPORTED  
WILL CONSTITUTE BULK OF EACH GOVERNMENT'S TOTAL  
PROCUREMENT. THESE DATA WILL BE SUPPLIED ON AGGREGATE  
BASIS. NUMBER OF DELEGATIONS THOUGHT THERE WAS GREAT  
NEED TO DEVELOP DETAILS ON THE WHOLE UNIVERSE OF GOVERN-  
MENT PROCUREMENT BY MEANINGFUL PRODUCT CATEGORIES,  
POSSIBLY BY TWO TO FOUR-DIGIT SITC CLASSIFICATIONS, OVER

LONGER TERM.

C) DATA WILL BE DEVELOPED TO SHOW NUMBER AND TOTAL VALUE OF CONTRACTS AWARDED ABOVE AND BELOW \$200,000 WITH NO BREAKOUT OF FIGURE BELOW \$200,000 BUT WITH BREAKOUT ABOVE THAT FIGURE AS FOLLOWS: \$200,000 TO \$1,000,000; FROM \$1 MILLION; AND ABOVE \$2 MILLION. COUNTRIES ARE TO PROVIDE FOREGOING DATA TO SECRETARIAT BY DECEMBER 1, 1974 COVERING CALENDAR YEAR 1972. WHERE THIS NOT POSSIBLE, THEY ARE TO PROVIDE AS MUCH DATA AS CAN BE MADE AVAILABLE COVERING 1972 PLUS MORE COMPLETE DATA FOR THE CLOSEST PRECEDING YEAR.

D) GROUP ALSO AGREED THAT GOVERNMENTS WOULD COMPLETE A MATRIX TABLE WHICH WOULD DIAGRAM, FOR SELECTED CLASSES OF GOODS, THOSE WHICH WERE PURCHASED BY GOVERNMENT ENTITIES, LOCAL AND REGIONAL ENTITIES AND/OR BY THE PRIVATE SECTOR.

3. IN HIS OPENING REMARKS, US REP (POMERANZ), PRESSED

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R 141716Z JUN 74

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TO SECSTATE WASH DC 3007

INFO AMEMBASSY ANKARA

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FOR MEANINGFUL DATA ON GOVERNMENT SUPPLY PURCHASES. HE  
UNDERSCORED NEED OF ALL GOVERNMENTS FOR DATA TO EVALUATE  
MAGNITUDE AND COMPOSITION OF TRADE Affected BY GOVERN-  
MENT PURCHASING, IN ORDER TO DETERMINE THE POTENTIAL  
EFFECT OF ADHERENCE TO PROPOSED CODE, AND ALSO TO  
PROVIDE BASIS FOR RESOLVING UNSETTLED DRAFT CODE ISSUES.  
THESE INCLUDE, FOR EXAMPLE, ACHIEVEMENT OF  
BALANCE OF OBLIGATIONS AMONG SIGNATORIES, INCLUDING  
ENTITIES TO BE COVERED; EFFECT OF SECURITY EXCEPTION;  
AND, SELECTION OF THRESHOLD VALUE ABOVE WHICH PROVI-  
SIONS OF INSTRUMENT WOULD APPLY. HE NOTED US ABLE AT  
THIS STAGE TO SUPPLY ONLY PART OF DATA REQUESTED, BUT  
ADDED INTERNAL SYSTEM BEING DEVELOPED FOR COLLECTION  
OF MORE DETAILED DATA ON ONGOING BASIS.

4. MAJOR DIFFICULTY ENCOUNTERED WAS WITH REGARD TO  
INFORMATION OF COMMODITY BREAKDOWN OF GOVERNMENT PUR-  
CHASING (PARA 2). US REP WITH SUPPORT FROM CANADA

ARGUED VIGOROUSLY FOR REPORTING WHICH WOULD COVER DETAILED CATEGORIES OF GOODS OF TOTAL UNIVERSE OF GOVERNMENT PURCHASING IN OPPOSITION TO BELGIAN VIEW TO LIMIT COVERAGE TO HANDFUL OF SECTORS WHICH THEY THOUGHT MOST MEANINGFUL IN TRADE TERMS. THIS VIEW SUPPORTED BY MOST EC AND EFTA COUNTRIES.

5. EXPRESSED UNWILLINGNESS OF MANY DELEGATIONS TO PROVIDE DATA ON BASIS THAT THIS INVOLVED ALLOCATION OF FUNDS AND STAFF AROUSED IRE OF BOTH FRANCE AND CANADA WHO STATED THEIR OWN UNWILLINGNESS TO FURNISH DATA IF OTHERS FAILED TO BE MORE FORTHCOMING. U.S. REP LEFT NO DOUBT THAT WE WOULD CONTINUE TO PRESS FOR GREATER INPUT THAN AGREED TO AT MEETING.

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6. IN ORAL PROGRESS REPORT OF WORK ON GOVERNMENT PURCHASING TO JUNE 25-26 TRADE COMMITTEE MEETING, WORKING PARTY CHAIRMAN WILL STATE SOME DELEGATIONS REGARD DATA TO BE DEVELOPED AS INADEQUATE AND THAT BETTER DATA SHOULD BE DEVELOPED. HE WILL CONVEY REQUEST OF WORKING PARTY TO TRADE COMMITTEE FOR CLEARER AND MORE EXPLICIT MANDATE ON DATA WHICH IT WOULD EXPECT COUNTRIES TO PROVIDE. RELATED TO THIS MATTER, THE WORKING PARTY AGREED TO CANADIAN URGING, THAT EACH COUNTRY WOULD INFORM THE SECRETARIAT BY OCTOBER 1, 1974 AS TO THE DATA IT WOULD SUPPLY BY DECEMBER 1, 1974.

7. EC MEMBER STATES TOOK POSITION AS A BLOC REFUSING TO ACCEPT ANY BREAKDOWN OF NUMBER AND VALUES OF CONTRACTS AWARDED BELOW \$200 THOUSAND. BELGIUM AND FRANCE, FOR THE EC, JUSTIFIED CHOICE OF VALUE FIGURE AS BEING MEANINGFUL IN TRADE TERMS, ACKNOWLEDGING AT SAME TIME THAT EC TENDING TOWARD ACCEPTANCE THIS FIGURE AS THRESHOLD VALUE TO WHICH EC DIRECTIVE WILL APPLY.

8. TIME DID NOT PERMIT EXTENDED DISCUSSION OF SEVERAL SUBSTANTIVE QUESTIONS RELATED TO THE DRAFT INSTRUMENT. BRIEF DISCUSSIONS HELD ON POSSIBLE EXCEPTIONS FROM INSTRUMENT FOR PURCHASES ON BEHALF OF INTERNATIONAL ORGANIZATIONS AND ON DISCRIMINATION BETWEEN FOREIGN SUPPLIERS. WORKING PARTY AGREED TO FURTHER DISCUSSION AT NEXT TCWP OF THESE AND REMAINING ITEMS ON AGENDA FOR THIS MEETING PLUS DEROGATIONS (HIGHLIGHTING SMALL BUSINESS PREFERENCES AT REQUEST OF SWISS) SINGLE TENDERING, AND CRITERIA FOR AWARD OF CONTRACTS. NEXT MEETING OF WORKING PARTY ON GOVERNMENT PURCHASING TENTATIVELY SET FOR WEEK OF OCTOBER 7.

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9. TWO EC SOURCES INFORMED US DEL THAT TCWP MEETING HAD BEEN PRECEDED BY THREE-HOUR CAUCUS OF NINE. GERMANS CHAIRED AND TOOK HARD LINE AGAINST ANY DATA CONTRIBUTION. FRENCH REPORTEDLY ABLE TO TEMPER THIS SLIGHTLY. DURING TCWP MEETING FRENCH APPEARED TO BE SINCERELY IN FAVOR OF DETAILED DATA GATHERING BUT CLEARLY NOT UNLESS OTHERS EQUALY FORTHCOMING. FROM OUTSET, DANISH REP (ANDERSEN) ASSUMED USUAL NEGATIVE POSITION ON UTILITY OF DATA COLLECTION AND INDICATED DANES WOULD PROVIDE ONLY LIMITED AVAILABLE DATA. HE WAS BROUGHT UP SHARPLY BY FRENCH REP (COUDRY) WHO CRITICIZED THOSE WHO REFUSE TO ACCEPT UNDERTAKING TO SUPPLY DATA EVEN WHEN FRANCE AND SOME OTHERS MAKE EFFORT TO DO SO. GERMAN REP (FRANK) WAS OBDURATE RE ACCEPTING BURDEN OF SUPPLYING DATA BEYOND THOSE NOW AVAILABLE, SAYING NEW LEGISLATION REQUIRED TO DEVELOP ANY ADDITIONAL INFORMATION. JAPANESE REP (MAEDA) SEVERAL TIMES ALLUDED TO INSENSITIVITY OF TOKYO TO GOVERNMENT PROCUREMENT EXERCISE, AND PROPOSED ALTERNATIVE WAYS TO ALERT SUPERIORS TO URGENCY OF COMPLYING WITH DATA REQUEST. CANADIAN DEL (BERNES) ARTICULATED POSITION PARALLELING U.S. VIEWS AND WAS PARTICULARLY HELPFUL IN FACING UP TO PHALANX OF EC COUNTRIES.

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## Message Attributes

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**Disposition Authority:** golinofr  
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**Original Handling Restrictions:** n/a  
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**TAGS:** ETRD, OECD  
**To:** STATE  
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